

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-02 ACDA-05

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 4103

OSAF

DOD WASHDC

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

USMISSION NATO

USCINCEUR VAIHINGEN GERMANY

CINSUSAFE RAMSTEIN AB GERMANY

S E C R E T STOCKHOLM 1093

E.O. 11652: XGDS1

TAGS: MASS, MPOL, PFOR, SW

SUBJECT: THE FUTURE OF THE VIGGEN

REF: A. STOCKHOLM 983

B. STATE 017849

C. STOCKHOLM 5735

1. I CALLED MARCH 6 ON STATE SECRETARY ANDERS THUNBORG,
CHAIRMAN OF THE ROYAL SWEDISH DEFENSE PLANNING COMMISSION, TO
INQUIRE ABOUT RESULTS OF VISIT TO STOCKHOLM EARLIER IN WEEK
OF REPRESENTATIVE OF 4-MEMBER NATO CONSORTIUM CONSIDERING
F-104 REPLACEMENT. THUNBORG CONFIRMED PRESS REPORTS THAT
CONSORTIUM HAD RECEIVED NEGATIVE SWEDISH REPLIES TO THREE
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QUESTIONS IT HAD POSED IF VIGGEN WERE CHOSEN AS STARFIGHTER

REPLACEMENT: (A) WOULD SWEDISH GOVERNMENT BE WILLING TO SUBSIDIZE THE VIGGEN TO REDUCE ITS SALE PRICE? (B) WOULD GOS AGREE RESALE TO THIRD COUNTRIES? AND (C) WOULD SWEDEN PARTICIPATE IN JOINT MAINTENANCE ORGANIZATION FOR THE PLANE? THESE SAME QUESTIONS, THUNBORG SAID, HAD BEEN PRESENTED TO HIM BY NORWEGIAN GENERAL SVERRE HAMRE SIX MONTHS AGO; THE DIFFERENCE IS THAT THIS TIME THE QUESTIONS (AND ANSWERS) WERE MADE PUBLIC. (HAMRE ALSO TOLD SWEDISH PRESS THAT "IT IS NOT LIKELY THAT WE WILL CHOOSE THE VIGGEN.")

2. THUNBORG INTERPRETED THE CONSORTIUM TACTICS DURING ITS VISIT HERE THIS WEEK AS AN EFFORT TO CLOSE OPTION OF VIGGEN TO ITS PARTISANS IN DENMARK AND HOLLAND. THUNBORG SAID THAT IN HIS MEETING WITH LT. GENERAL HAMRE, LATTER HAD MADE FOLLOWING COMMENTS ABOUT SITUATION PREVAILING IN THE 4 COUNTRIES: (A) BELGIAN DECISION ON CHOICE OF STARFIGHTER REPLACEMENT IS IMPENDING BUT IT WILL NOT NECESSARILY BE FOR QUANTITY OF PLANES ORIGINALLY DISCUSSED; (B) DUTCH DEFENSE MINISTER VREDELING HAD TOLD HIM (HAMRE) THAT HE IS IN DIFFICULT POSITION IN PARLIAMENT AS WELL AS WITH LEFTWING OF HIS OWN PARTY AND HENCE COULD NOT RPT NOT MAKE DECISION IN NEAR FUTURE; (C) IN DENMARK, TOO, THE GOVERNMENT IS INCLINED TO DELAY DECISION, AND (D) THE NORWEGIANS MIGHT DELAY DECISION UNTIL 1977. ACCORDING TO THUNBORG, HAMRE INDICATED THAT BOTH DANES AND NORWEGIANS FELT THEIR F-104'S WOULD BE SERVICABLE FOR A NUMBER OF YEARS TO COME AND HENCE THERE WAS NO NEED TO RUSH INTO PURCHASE OF REPLACEMENT CRAFT.

3. IN VIEW OF HIS DISCUSSIONS WITH HAMRE AND OTHER CONSORTIUM OFFICIALS THIS WEEK, THUNBORG NOW BELIEVES CONSORTIUM WILL MAKE DECISION TO PURCHASE YF-16 AS STARFIGHTER REPLACEMENT, BUT WILL LIMIT ITSELF TO ISSUING DECLARATION OF INTENT TO PURCHASE WITHOUT SPECIFYING NUMBERS OR TIMETABLE FOR DELIVERIES. THUNBORG SAID THAT HE ASKED HAMRE ABOUT ALLOCATION OF NORWAY'S "COMPENSATION" TO SWEDISH AIRCRAFT INDUSTRY IF F-16 IS CHOSEN. HAMRE RESPONDED THAT SUCH A POSSIBILITY EXISTS, BUT ADDED, "I CAN'T TELL YOU DEFINITELY FOR ABOUT A MONTH."

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4. THUNBORG EXPLAINED HIS OWN DILEMMA AS FOLLOWS: HE IS CURRENTLY TRYING TO OBTAIN 300 MILLION KRONER YEARLY FOR RESEARCH AND DEVELOPMENT OF VIGGEN FROM SWEDISH GOVERNMENT, A LARGER ALLOCATION IS PRECLUDED BY THE NEEDS OF THE ARMY AND NAVY. HOWEVER, EVEN WITH THIS AMOUNT SOLELY FOR VIGGEN, IT WOULD BE IMPOSSIBLE TO RETAIN ALL OF THE 3,000 PERSONS WORKING ON VIGGEN (FIGURE FORMERLY QUOTED TO ME BY THUNBORG WAS 4,000), AND AT LEAST 1,000 WILL HAVE TO BE DROPPED.

5. THE IMPORTANT THING, THUNBORG CONTINUED, IS THAT SWEDEN MAINTAIN THE VIGGEN SYSTEM, EVEN WITH A REDUCED WORK FORCE. AFTER CONSIDERABLE STUDY, HE SAID HE HAD ARRIVED AT THE CONCLUSION THAT ONLY WAY TO RETAIN IT, IS TO PURCHASE MORE FROM US, HE SAID SWEDES WERE THINKING IN TERMS OF INCREASING AMERICAN PORTION OF VIGGEN FROM CURRENT 25 PERCENT (IN PREVIOUS CONVERSATIONS THIS FIGURE HAS ALSO RANGED FROM 20 TO 30 PERCENT) TO APPROXIMATELY 40 PERCENT. AT THIS POINT THUNBORG ASKED FOR MY REACTION. I REPLIED THAT, AS I HAD TOLD HIM PREVIOUSLY (REF C), WE WISHED TO ENCOURAGE GOS EFFORT TO RATIONALIZE R&D, AND WE WOULD BE RECEPTIVE TO VISIT TO US BY THUNBORG AND OTHER EXPERTS TO EXPLORE POSSIBILITY OF INCREASED COOPERATION IN R&D.

6. THUNBORG THEN ASKED IF HE SHOULD WAIT FOR HAMRE'S REPLY ABOUT POSSIBILITIES OF TRANSFER OF NORWAY'S COMPENSATION TO SWEDISH INDUSTRY, OR PROCEED RIGHT AWAY ON ASSUMPTION THAT US SHARE OF VIGGEN COMPONENTS WOULD HAVE TO BE INCREASED. I REPLIED THAT I COULD NOT RPT NOT ADVISE HIM ON THIS POINT, AND THAT GOS WOULD HAVE TO MAKE ITS OWN DECISION. HOWEVER, I NOTED THAT HAMRE HAD TOLD HIM NORWEGIANS MIGHT NOT MAKE DECISION ON PURCHASE OF REPLACEMENT UNTIL 1977. THUNBORG AGREED, AND ADDED THAT GOS SIMPLY "COULD NOT WAIT" THAT LONG. I UNDERSTOOD FROM THIS REMARK THAT HE IS CURRENTLY INVOLVED IN PRESENTING PROPOSED LONG-TERM BUDGET TO THE DEFENSE COMMISSION, AND FUNDAMENTAL DECISIONS ON FUTURE OF VIGGEN MUST BE MADE IN NEAR FUTURE.

7. CONTINUING, THUNBORG SAID THE ENTIRE STARFIGHTER REPLACEMENT COMPETITION HAD REVEALED THAT ONLY HOPE FOR THE FUTURE OF THE EUROPEAN AIRCRAFT INDUSTRY IS COOPERATION WITH THE US. THE FRENCH, HE ASSERTED, ARE IN
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THE SAME PREDICAMENT AS THE SWEDES, AND THE MIRAGE WILL HAVE TO INCREASE THE AMERICAN SHARE OF ITS COMPONENTS IF IT IS TO SUCCESSFULLY COMPETE IN THE FUTURE.

8. COMMENT: I INTERPRET THUNBORG'S COMMENTS AS MEANING THAT THE SWEDES, BEING REALISTS, ARE PREPARING FALL-BACK POSITIONS IN THE EVENT VIGGEN IS NOT CHOSEN BY ANY MEMBER OF THE CONSORTIUM AS THE STARFIGHTER REPLACEMENT. I HAVE NOT RPT NOT YET EXPLORED WITH THUNBORG OR ANY OTHER SWEDISH OFFICIAL SUGGESTION CONTAINED REF B RE POSSIBILITY OF SWEDISH INTEREST IN PURCHASE OF NEW USAF AIR COMBAT FIGHTER WHEN VIGGEN PRODUCTION IS PHASED OUT. I DO NOT RPT NOT BELIEVE TIME IS RIPE FOR SUCH AN APPROACH, GIVEN FACT THAT GOS IS STILL EXPLORING WAYS TO MAINTAIN ITS OWN PRODUCTION CAPACITY.

HOWEVER, I BELIEVE THAT THUNBORG'S THINKING MAY BE
MOVING IN THIS DIRECTION, AND POSSIBLY MATTER COULD BE
BROACHED WITH HIM AT TIME HIS WASHINGTON VISIT TAKES
PLACE. STRAUSZ-HUPE

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